BRITISH WATERWAYS CORPORATE PLAN FOR ENGLAND & WALES 2008/09 – 2010/11

This plan was agreed by the Board of British Waterways in March 2008. It was then the subject of consultation with Defra who confirmed the approach in August 2008 after some agreed modifications. The figures are as at March 2008 and provide illustrative guidance on future income. BW reserves the right to change these forecasts in the light of the more difficult market conditions that now exist.

This plan should be read in this context, especially references to forecasts of future commercial income from property, dividends from joint ventures and other sources, and costs to complete restoration projects which do not reflect current information and economic circumstances at the date of publication.

November 2008

1. OVERVIEW

1.1 Strategic Review

The Board recently agreed the following Statement of Purpose:

"Our purpose is to protect the historic waterways in our care, to secure and earn the necessary funding, to grow the numbers who value and invest in them and to optimise the public benefit they can deliver".

The Board found this statement and Defra's 'Strategic Steer' useful when considering strategic priorities. We have yet to decide how we will use the Statement of Purpose in our future publications and plans. For the time being it is an internal statement only which has helped us structure this Corporate Plan.

We are currently in the process of reviewing our 10 Year Strategy. KPMG have shown that a change of status and the power to borrow money will not in themselves resolve the current funding gap between what is needed under our steady state model and what is available. We have therefore decided to carry out a fundamental review of how BW operates involving 5 work streams:

- The most efficient way of delivering maintenance and customer service
- Opportunities to grow earned income
- Identifying and valuing the public benefit created
- Identifying the value of the integrated business plan
- Identifying the best governance model to achieve opportunities identified in the review.

This analysis is due to be completed by late September with the intention that the Board will consider a new strategy at its November meeting. Consultation with Defra will be ongoing throughout the process so they can be informed as to the direction of travel and likely conclusions to the review. Once the Board have agreed a strategy, it will then be recommended to Defra for endorsement after a period of public consultation.

1.2 Corporate Plan

This Corporate Plan is a more short term business plan for the Spending Review period 2008/9 to 2010/11. The major factors that influenced this plan were:

- The breach of the Monmouthshire & Brecon Canal and the need for immediate and substantial repair and improvement
- The uncertainty in the wider economy and the property and financial sectors that particularly affect investment in and profit forecasts from our JVs
- The rising costs of our restoration contracts and the current gap between the investment requirements of steady state and expected income
- Short term cash flow and funding challenges driven by the above and the consequent need to restrict our investment activity to help overcome this.

It has not been possible to create a breakeven budget in each of the three years of the plan because we have large expenditure commitments in the first years but increased profits from our joint ventures are not forecast until the third year. This plan creates an aggregate profit of £7.6m over the 3 year period. It is important to recognise this is a plan and there is considerable risk both on the income and

expenditure sides of the business. We have taken a prudent approach to planning as we wish to provide as much certainty and continuity to the business as possible. Being too optimistic could result in changes to work programmes in year if planned income does not materialise or large scale reactive works become necessary. Being too pessimistic would unnecessarily reduce planned expenditure on the waterways which would be an inefficient use of current resources.

There is a surplus in year 3 which, if it materialises, we would expect to spend on increased repairs and maintenance in subsequent years after equalising previous years' losses so as to ensure a break even cumulative result on revenue account.

1.3 Overview of Priorities and Resource Allocation

Priorities

1. Our priorities have been informed by the Defra Strategic Steer which set out our major priorities and listed them in broad order as follows:

   i) Maintaining the network in satisfactory order
   ii) Achieving the shared Government/BW longer vision of moving towards greater self sufficiency through the growth of commercial business and other funding sources
   iii) Delivering a range of additional public benefits that are not indivisible from maintaining the network which itself will deliver the main public benefit.

Whilst maintenance of the network is our foremost priority, a balance has to be struck in delivering all three. Our main concentration is in creating the funds to deliver a well maintained waterway which we consider would be to our steady state model. However, we shall continue to consider how public benefits may be enhanced within the constraints of our planned resources. Internal improvements to the way we manage our natural environment (S.2.8) will deliver increased benefits and Section 5 demonstrates the very wide range of benefits delivered through our day to day activity. Most of these can and will be enhanced through more efficient and effective working.

The Strategic Review referred to above will identify opportunities to grow commercial income and reduce our costs.

What this means:

We believe Steady State costs £125m per annum excluding overhead of £40m. We currently can only afford to spend between £80-100m per annum in this plan on Steady State, so all our current efforts are on efficiency, cost cutting and revenue generation. There is no medium term prospect of reducing grant dependency or of increasing significantly public benefit.

Investing in the network

Only a relatively small part of our income is derived directly from navigation, i.e. £16m pa, from boat and mooring licences. It is therefore not possible to derive any significant financial return from our investment in the network (i.e. Steady State expenditure on repair and maintenance).

The network has huge heritage value and it is therefore not possible, or appropriate, to replace and renew much of the infrastructure. We have to maintain and repair so there is little opportunity for a major "spend to save" programme of investment either. KPMG confirms that this is the case.

There is a sizeable public benefit return from the waterways but this does not generate cash for us other than through government grant and other public funding.

Commercial Capital

Our strategy has always been to invest our commercial capital for long term income growth. We therefore do not usually invest commercial capital into maintaining the waterway network. We invest in property and other business ventures alongside the waterways. We invest to deliver a revenue stream to help towards the cost of Steady State maintenance. However, we recognise that there is a case for using commercial capital to fund short term shortfalls in major works expenditure. Such transfers will depend on the ability of revenue income sources to properly fund major works and on the availability of capital funds.

Expanding the Network

Restoring old canals and building new ones can create significant regeneration benefits to local economies and communities. It rarely though provides any financial return to BW. Indeed extending the network usually has a net increase in maintenance costs. Nevertheless we recognise that a relatively small contribution on our part can be the difference between a project succeeding or failing. Our contribution is usually in the form of taking the construction risk on projects. Where we believe a project adds value to our network, delivers significant public value and requires our modest investment to proceed, we will consider a contribution. However, we will only do so where the project will not have a disproportionate effect on our funding of the existing network. Section 2.6 lists the restoration projects we are currently delivering and our planned contribution.

Guiding Principles

In allocating resources and setting priorities, the Board were guided by the following principles:

- Maintenance and protection of the existing network should be the priority
- A cautious view must be taken of development profit from joint ventures due to the commercial market
- The objective is to get as near as possible to steady state funding
- We must achieve as soon as possible and then maintain a minimum cash balance of £20m in the commercial capital account to manage the income and expenditure risks within the plan. These could create a cash call during the year and a £20m 'reserve' when we have no access to borrowings or other liquid assets is prudent.
- Capital can be used for revenue subsidy to offset negative cash flow to the extent that there is sufficient liquid resource in the commercial capital account. (Which would include the need to increase expenditure on waterway maintenance to close the steady state funding gap).

1.4 Plan Headlines

The headlines for this Corporate Plan are:

- BW's forecast share of post-tax joint venture profits over the 3 year period is planned to be £55m. However around 60% of these profits are forecast to arise in the third year of the plan and are therefore particularly vulnerable to changes in circumstances.
- We plan to spend a total of £92m on major works over the plan period – equivalent to 90% of our required steady state expenditure (after adjusting for inflation). However, this includes the expenditure on the Monmouthshire & Brecon Canal, which was not anticipated within the steady state model.
- We will spend a total of £185m on general repairs, maintenance and customer service - £90m below steady state (after adjusting for inflation). This equates to around 70% of steady state requirements.
- BW will spend £7.5m in 2008/09 repairing and reopening the Monmouthshire & Brecon Canal
- A further £6m expenditure in aggregate is targeted for the Monmouthshire & Brecon Canal in 2009/10 and 2010/11 but financed from third party contributions, not by BW
- We have withdrawn from the Cotswold Canal Partnership and will not now contribute £6m towards that restoration
- A transfer of £8m from the commercial capital to revenue bank account is planned in 2008/09. This is required because of the difference between declaring a profit and receiving the dividend in cash from the Gloucester Quay joint venture. The transfer from commercial capital is planned to be repaid to commercial capital in 2010/11 when the dividend is actually received in cash from the JV.
- This final version of the plan includes total JV profits of £55m. This assumed level of profits is sufficient to fund the planned major works programme without a transfer from commercial capital. However, the major works programme in this plan is effectively underwritten by a possible cash transfer if the JV profits are not achieved as planned.
- The proportion of direct government grant as a percentage of expenditure on the waterways and operating costs is 40% by the end of the plan as opposed to 45% planned for 2008/9.
- We expect 270m visitors to the waterways during the three year plan period
- BW will be directly involved in £7 billion of regeneration
- Section 5 details the contribution BW is making to Defra's and other Government departments' PSA targets.

The three year financial projections are as follows:

Figures in £k

Statutory Format	2007/08 Actual	2008/09 Plan	2009/10 Plan	2010/11 Plan
Income				
National Property Business	23,920	24,264	24,403	24,572
Waterway Unit Property	12,826	13,791	12,792	14,698
Leisure	21,395	23,690	25,643	28,184
British Waterways Marinas Limited	6,385	6,772	7,395	7,927
Utilities	18,899	18,730	19,014	19,858
Maintenance and Other Income	12,455	10,524	9,517	10,868
Group Commercial Income	95,880	97,771	98,765	106,105
Canal Restoration Contributions	17,076	18,980	1,406	681
Externally Funded Works	31,334	18,930	11,463	9,231
Third Party Funding	48,410	37,910	12,869	9,912
BW Share of Joint Ventures CBT	(877)	11,190	9,837	33,770
Grant Income	56,487	57,925	57,852	55,444
Total Group Income	**199,900**	**204,796**	**179,323**	**205,231**
Costs				
Core Waterway	59,227	61,614	63,894	70,951
Major Works	23,763	29,651	29,613	37,400
Business Unit Operating Costs	25,887	27,748	26,051	25,831
BWML Operating Costs	5,656	5,774	6,175	6,556
Dowry Funded Assets	3,323	2,955	2,851	3,063
Headquarters and Central Service Functions	27,329	29,769	30,603	31,031
	145,184	157,511	159,186	174,831
Canal Restoration Costs	19,030	21,512	1,695	944
Costs of Externally Funded Works	32,902	21,731	13,117	10,389
	197,115	200,754	173,998	186,165
CBIT	**2,785**	**4,043**	**5,325**	**19,067**
Interest Payable (exc. Joint Ventures)	(3,636)	(3,583)	(3,599)	(3,616)
Interest Receivable (exc. Joint Ventures)	2,380	1,516	1,516	1,516
CBT - Revenue before Contingency	1,528	1,976	3,243	16,967
Contingency	-	(5,000)	(5,000)	(5,000)
CBT - Revenue after Contingency	**1,528**	**(3,024)**	**(1,757)**	**11,967**
Gains/(Losses) on Disposal (exc. Joint Ventures)	19,173	9,679	15,185	13,621
CBT - Capital	**19,173**	**9,679**	**15,185**	**13,621**
Unrealised Gains	16,480	(5,025)	2,121	9,147

SUMMARY OF MAJOR RISKS

1.5.1 Joint Venture Profits

JV Performance is our most volatile business area with the greatest degree of uncertainty over the timing and value of future profits. In putting the plan together, we have taken a realistic view as to the profits from JVs over the 3 year period. Actual performance will depend on the market, planning decisions and our partners' influences. The major works programme will be underwritten by commercial capital if JV profits are not achieved.

1.5.2 Property Performance

Rents from property investments are planned to increase at around 2.3% pa compound over the three years. This reflects the underlying reduction in the size of the portfolio as properties are sold to invest proceeds into joint ventures.

Gains over book value totalling £40m are planned from the disposal of properties for the three years. This is dependent on market conditions and in part on the assumption that JVs will purchase properties over which they have options.

The planned revaluation for the three years is only a nominal £6.3m which conceals an expected downturn in 2008 and a steady recovery through 2009 to 2011.

1.5.3 Boating Income/Growth

The plan anticipates licence evasion falling from circa 10% to 3% over the plan period, boat numbers increasing by 4%, and licence price increases of 27% over the 3 years. Mooring prices are also planned to rise as a result of better market pricing through the internet tendering process. New marinas constructed by the private sector are planned to generate a further £1.2m of income.

These are challenging targets and if the economy falters there will be a downturn in the boating market which will affect these plans.

1.5.4 Cost Estimates for Major Works

Construction inflation has been assumed at 7% for the plan period. The repair and refurbishment work we undertake have inherent risks associated with the age and condition of our assets to the extent that costs cannot always be accurately predicted at the planning stage.

Our Omnibus contract through which most of our major works are delivered will be re-tendered during the plan period which adds to the financial risk.

The scale of the Monmouthshire & Brecon Canal repair programme (£13-15m) means that any unforeseen/unplanned risk could have a significant funding requirement.

1.5.5 Risk of Asset Failure

We plan to 'hold' the condition of the network as outlined in Section 2. We are not therefore planning to improve the overall condition of our assets, but we do not anticipate that this will result in an increase in the number of asset failures. However, with many of our structures aged 200 years or more, this is clearly a risk.

1.5.6 Cash Flow

The plans for funding from commercial capital depend on the property disposal programme being successful. The market conditions prevailing in 2008 are adverse for property assets and there is significant risk that some disposal will not be achieved or that others will sell for lower than assumed in the plan. Other property assets not identified for disposal in this plan may need to be sold to maintain liquidity.

1.5.7 Grant Funding

Our Defra grant for 2008/09 has been confirmed at £57.6 which after repayment of NLF loans leaves [1]£56.6m to be spent in year. Whilst only indicative allocations have been given for the following two years these grant levels are better than last year's plan. However, if reduced from these levels would limit our ability to recover from the temporary 'holding' arrangements for asset maintenance put in place for this plan period.

1.5.8 Potential Upsides and Downsides

We know there is a long list of potential upside and downside sensitivities that are not included within this plan. Our estimate of these is shown below:

	2008/09 £m	**2009/10 £m**	**2010/11 £m**
Upside	18.4	12.9	22.7
Downside	9.0	7.7	13.0

We will manage all these risks by exerting strong management and financial control throughout the business.

2. PROTECTING AND MAINTAINING THE NETWORK

During the period of this plan we intend to 'hold' the condition of the network in its 2007/08 condition. This is possible in the short term but unsustainable in the long term as we are spending significantly below what is required under our steady state model. There is no exact science as to the consequence of this underspending, but all logic and experience suggests that insufficient annual maintenance expenditure will result in gradual deterioration of the network infrastructure condition. We recognise 'holding state' as a short term necessity as we develop our Strategic Review for a long term sustainable funding regime for our waterways as outlined in Section 1.1.

With some 23,000 individual infrastructure assets, 2,200 miles of waterway much of which is 200 years old, it would be disproportionately expensive to undertake an annual record of condition to monitor network condition from year to year. Therefore when planning to 'hold' the condition of the network for the duration of this 3 year plan, we are planning:

i) That no parts of the network will become safety critical
ii) That the number of D&E graded principal assts will not increase to more than 21.2% of the total
iii) That functionality will remain at current levels.

[1] The figure in the P&L includes the annual release of Defra grant allocated to capital assets in previous years.

There is at present no agreed method of measuring condition, and or/functionality, of the network on an annual basis. We recognise the need for such a measure, now referred to as a Stewardship Score, and plan to have developed one by the end of 2008. This is a complex problem and despite extensive research we cannot find any other organisation with a sizable property or engineering asset base that has in use such a measure.

We have some 11,000 Principal Engineering Assets that because of their construction and importance, are subject to a specific inspection, grading and reporting regime. We measure both condition and consequence of failure. Our 'arrears' programme was based entirely on these principal assets. There are of course many more non-principal assets (around 12,000) and miles of towpaths, waterway walls, etc, which also need maintenance and repair.

We no longer distinguish between principal and other assets when prioritising our repair programme. We are guided by our Business Benefit Prioritisation Index (BBPI) and also any legal, regulatory or local requirements.

We record expenditure on principal assets and condition change and report on them in this plan as requested by Defra for continuity. Over time as we develop more comprehensive measures covering the standard/usability of the whole network, we envisage Principal Asset grade will become a tool for use in business planning rather than a reported measure.

Major works are all construction works over £50k and include expenditure on principal assets, reservoirs, operational and heritage buildings and the canal infrastructure. All other works are undertaken through the general works (Repair and General Maintenance) programme.

The plan includes an annual contingency of £5m to safeguard against reduction in planned income (i.e. reduced JV profits) or increases in required expenditure (i.e. an unexpected breach).

Any fluctuations above £5m will have to be funded by reducing planned expenditure elsewhere. Given that most of our expenditure is tied up in payroll and long term contracts, the only real flexibility we have in-year is within the core waterway and major works budget.

We have responded to the consultation on the interim report from the Pitt Review. If the final report is similar, we do not anticipate there will be costs imposed on BW that cannot be met from our planned resources.

2.1 Major Works

We have clear priorities for major works spend throughout the Plan of which the major items are.

i.	Re-open Mon. & Brec. Canal	£13.5m
ii.	Address Principal Assets in:	
	Condition E with a Consequence of Failure of 4	£6m
	Condition D with a Consequence of Failure of 4 and 5	£10m
	Intermediate repairs to prevent further deterioration	£16m
iii.	Address “works in the interests of safety” required in reservoir inspection reports	£7m

iv. Minimum Safety Standards. £8m
v. Dredging £15m

Total expenditure over the 3 years is £92m.

There are some 300 individual contracts making up this expenditure. Over the plan period the movement in asset grade is as shown in the following schedule.

Principal Asset Grade	2007/08 %	2008/09 %	2009/10 %	2010/11 %
A	3.4	3.6	3.6	3.6
B	22.3	22.1	22.1	22.1
C	53.3	53.1	53.6	53.6
D	17.1	18.2	17.7	17.7
E	3.9	3.0	3.0	3.0

2.2 Minimum Safety Standards

A large part of the major works expenditure together with £2m included within the general maintenance programme is concerned with full compliance of Minimum Safety Standards. These Standards have always been in existence within BW but spread through a number of different instructions over many years. In 2008 we brought them together to focus the business on achieving 100% compliance by 2009. The work in 2008/09 is primarily concerned with the provision of:

- Removal of snags in locks
- Bollard installation
- Safety signage
- Customer operating instructions
- Improvements to Lock/Bridge landings.
- Improvements to Winding Holes.
- Lock ladder replacement/installation
- Hedge and tree cutting/removal to improve visibility.

Our aim is to ensure we segregate commercial and leisure traffic on our large waterways. Where use by large commercial vessels is rare, we do not plan to instigate major engineering works, but will ensure segregation through the use of individual safety management plans. For a number of years we have been carrying out a programme of risk assessments at our main visitor sites. This programme will continue throughout the plan period, with the consequent investments being committed.

2.2.1 Milestones

• Satisfy 100% of the agreed minimum safety standards as set our in customer service standards	March 2008
• Satisfy 100% of the remaining 7 standards deferred to 2008/09 including adherence to AIP2005	March 2009
• Maintain 100% compliance	Throughout
• Visitor risk assessment plan:	
>75% complete	April 2009
>90% complete	April 2010

2.3 Repair and General Maintenance

Expenditure over the plan period is £184.6m, some £90m below the requirement produced by the steady state model. The schedule below outlines major areas of expenditure.

	Planned cost	Steady state requirement	Shortfall
• Construction – routine maintenance of locks, bridges, dry docks etc, towpath management, etc.	£44.2m	£85.5m	£41.3m
• Customer Operations – water control, waste management, water points, safety and signage, visitor moorings, etc.	£28.6m	£47.4m	£18.8m
• Vegetation management – grass cutting, hedge maintenance, tree management, reservoir vegetation, litter collection, etc.	£26.5m	£43.1m	£16.6m
• Spot dredging and piling – maintaining dredging tips, spot dredging visit moorings, bridge and winding holes.	£8.7m	£17.5m	£8.8m
• Mechanical and electrical – pumping stations, moving bridges and locks, boat lifts, etc.	£10.1m	£7.8m	+£2.3m NB: M&E costs in model are under review - not all costs included at present
• Inspection regime – monthly, quarterly and annual length inspections	£5.8m	£5.8m	£0m 100% planned
• Manned structures – the cost of dedicated lock and bridge keepers.	£8.0m	£8.0m	£0m Actual cost in model
• Core waterway management – the cost of customer operations managers, asset engineers and project managers, health and safety costs, heritage and environment, net of direct maintenance income to support these activities.	£37.7m	£40.9m	£3.2m
• Operational plant, buildings etc. – depreciation on plant and keeping operational buildings functional.	£15.0m	£18.7m	£3.7m
Total:	**£184.6m**	**£274.7m**	**£90.2m**

2.3.1 Milestones

• Annual improvement in customer service 'basket' of 11 KPI scores	2008/09-10/11
• First year delivery of single facilities contract for South East and London data collection to benchmark against other units	March 2009
• GIS mapping to be prioritised, aligned and use to inform contract specifications for all business units	March 2009
• Rationalisation of holdings of buildings, plant & equipment.	March 2009
• Dredging surveys 95% complete	March 2009
• Dredging surveys completed and GIS map updated	August 2009

2.4 Steady State Development and Stewardship Grade

2.4.1 Steady State

Our Steady State model was devised to establish the required level of annual maintenance and renewal to ensure the long term sustainability of the network infrastructure and its functionality. It embraces all works from major engineering repair and renewal to customer service provision such as lock keeping and litter collection.

The steady state financial model is continually refined with more data each year from existing and planned expenditure.

We will continue to re-examine and re-consider the parameters that define steady state so we get a model that best fits a realistic assessment of current usage and condition. The model will be enhanced to facilitate extraction of data for a specific canal or length of canal to inform the concept of a hierarchy of waterways.

We expect to maintain overall average current standards and functionality across the network but we shall be re-profiling expenditure in some areas to better reflect customer demand/value for money. For example, we want to have our best maintained areas where there is greatest use and greatest public benefit can be derived.

2.4.2 Stewardship Grade

The Stewardship Grade (SG) will be developed during the plan period so that we can report on how well we are managing our network and to demonstrate progress year on year. Design is currently at an early phase but we are experimenting with a model that looks at the following:

- Principal Asset condition grade A-E
- Heritage importance – the greater the importance the higher the target SG should be
- Consequence of failure – 1 to 5, the higher the score the higher the SG target
- Serviceability – how the asset functions
- Usage – how great is the usage (higher usage results in higher target SG).

2.4.3 Milestones

• Update SAP with applicable non principal asset grades	March 2009
• Establish stewardship grading methodology based on all asset conditions	December 2008
• Set baseline standard for stewardship grade	March 2009
• All projects scored in accordance with unified mechanism	September 2008
• Dredging surveys 95% complete	March 2009
• Dredging surveys completed and GIS map updated	August 2009

2.5 Efficiency Programme

2.5.1 Management and central service costs

This plan assumes £3m of efficiency gains within our management and central service costs. We have of course already taken out some £10m per annum of costs from the business in preparation for this CSR period. We were given notice in 2006 that efficiencies would be required and, rather than wait until the CSR period, we took immediate action, principally to reduce staff and office costs.

We are looking at a whole range of efficiencies to achieve our target savings. These include:

- Process reviews and elimination of duplicated and unnecessary steps
- More centralisation into SSC
- More outsourcing of suitable functions
- Further reduction in use of office space
- More video conferencing and business travel reduction
- Electronic document management to reduce storage, paper usage and printing
- Review of the desktop PC/laptops and software/server provision and support.

2.5.2 Omnibus Contract

We shall be re-tendering our Omnibus or Framework arrangements in year one of the plan. Morrison Construction currently holds this contract through which the bulk of our major work expenditure is undertaken. We have consulted widely on best practice and have set a revised specification/set of terms to drive best value for BW.

2.5.3 Repair & Maintenance Outsourcing

Many operational activities are already outsourced in BW, for example, vegetation management, major works and dredging. There is scope to combine more individual contracts across Business Units to create larger value contracts that will attract some of the large facilities management operators. We are currently combining the existing 7 vegetation management contracts for London and the South East into one for 2008/09 and, depending on the success of this experiment, we shall create larger contracts elsewhere.

We are also trialling the hire of all hand tools and machinery in one Business Unit rather than purchasing outright. If this works, it will ensure properly maintained, certificated machinery available when and where we want it. We believe this will deliver both cost and productivity efficiency.

2.5.4 Milestones

• Establish requirements for future omnibus contract	June 2008
• Complete tender exercise for omnibus contractor(s)	December 2008
• Complete trials for outsourcing operational activities	December 2009
• Roll-out cross-BU contracts where applicable	April 2009 and ongoing

2.6 Restoration

Our policy is not to transfer scarce resource from maintaining our existing network into projects that expand the network. However, it is inevitable that in playing a leading role in obtaining the funding for and then delivering each project, we incur expenditure. For existing projects we carry the construction risk and this almost always results in BW contributing to the outturn construction cost.

A schedule of restoration projects underway during the period of this plan is set out below:

Project	Forecast Total cost to completion	BW Contribution	Completion Date
Liverpool Link	£27.2m	£2.8m	December 2008
Droitwich	£11.4m	£0.8m	September 2009
Manchester, Bolton & Bury	£6.1m	£0.2m	March 2009
Olympics	£21.7m	£4.9m	November 2008
Other	£2.8m	£0.7m	March 2011

The Helix project is also being undertaken in Scotland, for which budgets and funding contracts are currently being developed.

The 'other' costs relate to the time and incidental expenditure in supporting prospective restoration projects. We do not plan to make any significant contribution or take on construction risk, over that already outlined, in this plan period.

2.6.1 Milestones

Milestones	Date
Delivery of Manchester, Bolton & Bury Phase 1	
• Complete construction works	June 2008
• Open to navigation	July 2008
Delivery of Liverpool Link	
• Open to navigation	November 2008
Progress Northern Reaches of Lancaster Canal	
• Secure further project development funding for NR	December 2008
Complete the withdrawal from the Cotswolds Canal Restoration	

• Complete all elements of our exit strategy	June 2008
Complete the Droitwich Restoration:	
• Install and commission people counters	June 2008
• Construction of canal section completed	March 20/10
• Open for navigation	September 2010
Olympics	
• Open for navigation	November 2008

2.7 Heritage

As the guardian of Britain's historic waterway assets, effective heritage management is core to our business, and is a key element in our drive towards maintaining the waterways as a valued national asset. We seek to protect and improve the heritage assets in our care and to enhance their value to the nation. This plan seeks to raise our understanding, appreciation and care for these heritage assets.

Our Head of Heritage assesses the business performance each year through a detailed heritage appraisal process. Business Units attain scores for such things as having heritage action plans, dedicated staff, proper records and standard of work achieved. They lose marks if any heritage controversies arise, they attempt to undertake work without proper consents, or their standard of work is poor. In 2007/08 eight of the Units achieved excellent status and we expect all Units to achieve and maintain that score for the duration of the plan.

The plan also removes the remaining two buildings at risk from the national register and 80% of all buildings at risk from local authority registers.

2.7.1 Milestones

• 100% of office based teams to receive general heritage awareness talk	June 2008
• 100% of functional bank teams to receive tool box talks on compliance	June 2008
• 100% of targeted functional team staff to receive practical heritage skills training in brick/stone repairs, mortars & re-pointing.	December 2008
• Navigation Warehouse, Wakefield removed from Register	September 2008
• Foxton Inclined Plane removed from Register or subject to Heritage Partnership Agreement.	September 2008
• State of the Waterways Heritage report identifying improved progress	Each year
• All waterways achieving Excellent scores in heritage reviews	March 2009

2.8 Environment

This plan sees the introduction of an Environmental Management System (EMS) into BW that is based on the principles of ISO 14001. The EMS will set out the policy processes and procedures to manage the network in an environmentally sustainable way.

We shall also, through the EMS, implement the most significant recommendations of the Arup report on sustainability.

Section 5.2 of this plan outlines how through our day to day activity we contribute to the following Defra 'environmental' PSAs:

- Climate change tackled internationally; and through domestic action to reduce greenhouse gas emissions
- A healthy, resilient, productive and diverse natural environment
- Sustainable patterns of consumption and production
- Economy and society resilient to environmental risk and adapted to the impacts of climate change
- Sustainable Development championed across government, across the UK and internationally.

Our contribution is widespread over the whole range of our activities. During the period of this plan we intend to give particular attention to the following areas:

- Energy and Waste Management through increasing measurement and reporting
- Developing micro generation and cooling of buildings.

- Working in partnership with the Carbon Trust to deliver wind turbines on our land
- Procurement and supply chain management to drive use of sustainable resources and best practice
- Introduction of our Environmental Management System
- In partnership with Natural England work towards improving the condition of our SSSIs
- Promotion of waterways as a 'green' facility for holidays and recreation.

2.8.1 SSSI

The PSA target, set by Defra, is to have 95% of SSSIs, by area, in Favourable or Unfavourable Recovering condition by 2010. We are unlikely to meet this target. In England, currently 70.8% of BW SSSIs, by area, are in Favourable or Unfavourable Recovering condition. However, we plan to increase this figure, by about 5% over the next three years. Natural England (NE) is aware that not all BW's SSSIs will meet the PSA target. Many of the actions required to improve our SSSIs are outside of the control of BW as they are concerned with water quality issues 'upstream' or we are the owners of only a small part of the designated area.

2.8.2 Milestones

• Introduce EMS	May 2008
• 100% of timber from FSC approved suppliers	Throughout
• Report on recycled materials by volume recorded in Sustainability Registers	Oct 2008 and 6 mthly thereafter
• Achieve or maintain 15% reduction of waste to landfill against 2005 baseline	Each year reporting at 6 month intervals
• Full inventory of static energy use including gas, fuel and heating oils and electricity	May 2008
• Report baseline for fuel used in plant and vessels in 2008-09	April 2009
• Report progress on action plan to achieve significant reduction in business mileage	6 monthly (starting April 2008)
• Elimination of vehicles with a rating below Euro III	May 2009
• Conservation objectives to be reviewed and new targets proposed for all SSSIs	75% by June 2009 100% by Sept 2010
• 100% of biodiversity action plans in place and progress reported.	Throughout
• Deliver quarterly tool box talks on environmental issues to all waterway teams	Quarterly

Additional milestones are shown in 3.6.9.

2.8.3 Infrastructure/Functionality KPIs

The following measures will be used to monitor infrastructure condition and the functionality of the waterways.

2.8.3.1 Principal Asset Condition Grade

Our 11,000 principal assets are inspected under our Asset Inspection Programme and awarded a condition grade from A (new) to E (at risk of failure). Our target for the 2008/9-2010/11 Business Plan is to hold condition of principal assets by not increasing the number of D&E grade assets above 22% of the total.

The schedule in paragraph 2.1 shows planned condition grade for the Business Plan period. We will report on this condition grade annually.

2.8.3.2 Minimum Safety Standards

An essential prerequisite is for the waterways to be safe. The Asset Inspection Programme monitors condition and consequence of failure. Minimum Safety Standards are set to ensure that operationally the network is safe to use.

We published our Minimum Safety Standards in 2008 and they are attached at Annex A.

We monitor compliance with these standards through a reporting and inspection regime. By the end of 2008 we had not planned to be fully compliant as there were

still many improvements to be made. We do plan to be 100% compliant by March 2009.

We will report on compliance with Minimum Safety Standards annually.

2.8.3.3 Stewardship Score

We intend to develop a scoring system that can reflect overall condition/functionality of our waterways. This is a complex task as it needs to monitor 2,200 miles of waterway and facilities on a regular basis. Work is underway to develop this scoring system and we have set ourselves the target of having a system agreed by December 2008 and to begin measurement from April 2009 to establish a benchmark.

We will report on progress at the end of this year.

3. SEEKING AND SECURING THE NECESSARY FUNDING

3.1 Overview

Establishing the necessary cost base for running a sustainable inland waterway network is our first task and Section 4 sets out how we are doing this. We shall then seek to optimise our funding sources as outlined below.

3.2 Defra Grant

Defra has confirmed our grant for 2008/09 at £56.6m. Indicative grants of £56.6m for 2009/10 and £54.1m for 2010/11 have also been given.

This level of grant together with our other income streams is less than we need to put the network into steady state but enough to maintain broadly overall current standards and functionality across the network in the short term. One of the biggest risk areas is dredging which has a significant impact on functionality. We aim not to reduce standards but flooding and other factors will put pressure on the resources we can allocate to this activity. There is far more we should like to do to improve network condition and to deliver more public benefit, so we will, through close liaison and reporting on performance, seek to ensure that the indicative grants are maintained and if at all possible, increased, e.g. should capital become available in year.

Following our Strategic Review, we plan to have a strategy that will deliver a long term funding solution for our waterways. This will most likely include a blend of cost saving and income raising proposals. We expect the review will amongst other things provide the evidence base to demonstrate to local, regional and national government the exceptional value for money our waterways deliver, and a strong case for on-going if not increased support.

3.3 Property Income

The plan shows an increase in property income (excluding JVs and subsidiaries) of 7% over the 2007/08 forecast. Performance is affected by the transfer of funds from the property estate into joint ventures – thereby swapping existing rents for future joint venture profits. We do not anticipate any significant downturn in our rental income as a result of the current uncertainty in the commercial property market. A large proportion of our rental income is with good covenanted tenants and although

there will be more and longer letting voids, we do not expect this to impact significantly on total receipts.

The schedule below shows planned property income for the three year Plan period:

	Gross Income
Investment	£57.3m
Development	£15.8m
Waterway centric	£25.5m
Wayleaves	£14.3m
Other eg. Advertising etc.	£1.6m
TOTAL	£114.5m

The outsourcing of the "investment" estate to Atis Real is planned to continue. We also plan to undertake a comprehensive review of our residential portfolio (contained within the waterway centric element above) with a view to either selling outright or entering into a joint venture in order to get a better overall return from the estate. An outline of this proposal has already been discussed with Defra.

3.3.1 Milestones

Milestones	**Date**
• Disposal receipts averaging £40m pa	2008/09 to 2009/10
• Investment target (including JV equity) of £35m pa	Each year
• Residential disposals in line with emerging proposals	April 2009
• Strategic acquisitions in priority regeneration areas	Each year
• Disposal of at least 75 low value properties per annum	March 2009
• Identify at least 4 new sites for H_20 Urban and Waterside Pub Partnership to evaluate each year	2008/09-10/11
• National property business delivering agreed plan and total returns on major investment estate in line with IPD.	Each year

3.4 Joint Ventures

3.4.1 Profits

This is the income generating area which has been impacted most by the uncertainty in the commercial property market.

We are now forecasting £55m of joint venture profits over the 3 years. However around 60% of these profits are forecast to arise in the third year of the plan and are therefore particularly vulnerable to changes in circumstances. We will of course work hard with our partners to improve on this figure, but it is only prudent to plan on this basis as we cannot spend what we have not got.

3.4.2 Equity Investments

All joint ventures require equity from the partners as well as bank debt. The amount of equity depends on the scale of work being undertaken and the availability of bank debt. We try and keep our equity involvement to a minimum whilst seeking to maximise the return. The current market turnaround means that bank lending may be more difficult, more expensive and take longer to secure/or pay off. We are therefore likely to have to maintain significant levels of equity in the joint ventures during the plan period.

The schedule below sets out our joint venture investment proposals:

Joint Venture	**Current Equity**	**2008/09**	**2009/10**	**2010/11**	**ROCE by 2010/11**
Total equity invested	**£87.3m**	**£111.4m**	**£121.1m**	**£121.2m**	**27.9%**

Full details of all the joint venture business plans are available and an outline of each plan has already been provided to Defra.

3.4.3 Investment & Disposal Plan

Over the period of this plan we shall need to sell £123m of property, generating post taxation proceeds of £101.4m, to provide:

- The £36m to fund new investment
- The £38m needed for equity investment into the joint ventures
- The £12.9m to repay the POLP loan.

A schedule showing the commercial capital movements during the 3 year plan is set out below:

£m	**2008/09**	**2009/10**	**2010/11**
Property disposals (post taxation)	46.7	28.0	26.7
New property acquisition	(7.1)	(16.2)	(13.0)
Investment in JVs, subs and associates	(26.3)	(11.9)	
POLP loan repayment			(12.9)
Transfer to revenue account	(8.0)		8.0
Cashflow for the period	5.3	-0.1	8.8
Balance brought forward	14.8	20.1	20
Balance in account	**20.1**	**20.0**	**28.8**

3.4.4 Joint Venture Debt

To minimise the equity investment required in our joint ventures, we try to maximise the borrowings within them. The schedule below sets out the planned borrowings in our joint ventures. All borrowings are ring fenced within each joint venture (sometimes secured only on the actual site) and there is no recourse to BW.

The schedule below sets out BW's share of planned joint venture debt:

Joint Venture	Current Debt	2008/09	2009/10	2010/11
Total share of JV debt	£44.7m	£110.5m	£136.8m	£127.7m

3.5 Property & Joint Venture Outputs

We manage our commercial portfolio not only for the income it produces but also to further the wider aims of BW and the delivery of public benefit, particularly regeneration. Over the period of the plan, the joint ventures and property estate will:

- Deliver over 11,000 new homes of which around 20% are 'affordable'
- Deliver over 18,000 new homes created on landholdings of BW and its joint ventures, either independently or as part of a wider partnership.
- Act as catalyst for £7.3 billion of regeneration
- Transform 112 sites covering 165 hectares of brownfield land into new housing
- Refurbish 67 buildings or structures of heritage value, of which 45 are listed
- Open up access to, from and along the waterways through 66% of planned schemes
- Develop 14 sites located within one of the Government investment priority areas such as former coalfield areas, HMRPs, growth areas and growth points, URCs, etc
- Acquire 4 new pubs per annum

Through our property and joint venture activity, we contribute to a number of Defra and other department's PSAs. Most notably the Department of Community & Local Government's 'Housing and Community Cohesion' target as outline in Section 5.3.2.1.

3.6 Leisure Business

This is primarily our boat licensing and boat mooring activity.

3.6.1 Boat Licensing

Over the plan period we will raise boat licence prices by 27%. We also plan for boat numbers to grow by 4% by the end of 2010/11. Overall income growth is shown below:

	2008/09	2009/10	2010/11
Licence income	£14.7m	£16.3m	£18.2m

The licence increases follow an extensive public consultation. We received many suggestions on how to adapt the licensing system to be more effective and fairer. We shall consider this in detail during the first year of the plan and make any proposals in time to allow changes to be implemented by April 2009. We have not factored any increased revenue from this.

3.6.2 Milestones

Milestones	Date
Evasion reduced to 6.7%	November 2008
Evasion reduced to 4.9%	November 2009
Evasion reduced to 3%	November 2010

3.6.3 Mooring Income

This relates to our on-line moorings. We plan to reduce the number of moorings as new off-line marinas are built (at a ratio of 1 online mooring removed for every 10 offline created). There is therefore no mooring volume growth planned.

Our moorings tender trial will conclude in 2008. The plan assumes it will continue although this will be the subject of a consultation with users. The trial is working well and we believe it will lead to some increase in overall mooring income as shown below:

	2008/09	2009/10	2010/11
Gross income	£5.4m	£5.6m	£5.8m

3.6.4 New Marinas Unit

We created the New Marinas Unit in October 2005 to encourage private sector investment into the construction of new inland marinas and 10,000 new berths in 10 years. 9 marinas have since opened, creating just over 2,300 new berths.

Over the next 3 years we plan to assist a further 25 new marinas to open providing circa 3,800 berths.

This activity has a number of benefits:

* As most of the marinas are in the country, it encourages rural diversification. Most of the new and planned marinas are on agricultural land helping farmers to diversify their activity

* The marinas provide employment and help for the rural economy

* It encourages private sector investment to meet the demands of a growing boat population

* It enables the growth in boating to continue thereby helping the wider economy but also continuing to make it affordable by increasing supply to meet demand.

We receive a connection charge from the marina owners and we also benefit from the increase in boat licence fees that the increased capacity enables.

	2008/09	2009/10	2010/11
Payroll Cost of NMU	£0.6m	£0.6m	£0.6m
Connection fees	£1.1m	£1.4m	£1.7m
Contribution	£0.5m	£0.8m	£1.1m

3.6.5 British Waterways Marinas Limited (BWML)

BWML is a wholly owned subsidiary of BW. It manages 2850 mooring berths in 18 marinas. It has successfully established itself as the largest inland marina operator and now returns a total of £1.3m per annum to BW in rents and profit. This is planned to grow to over £2m in the plan period.

BWML has ambitious plans to develop a five star service for its customers that will deliver greater income and profits to BW. This upgrade requires capital expenditure of £4.5m over the three year plan. It has ambitions to acquire or manage new marinas but these are not factored into this plan.

	2008/09	2009/10	2010/11
Gross income	£6.8m	£7.4m	£7.9m
Operating Costs	£5.8m	£6.2m	£6.6m
Profit (excluding rent to BW)	£1.0m	£1.2m	£1.4m

3.6.6 Angling

We have made considerable efforts in recent years to develop an improved working relationship with angling groups. This has been achieved and we work well together promoting and trying to grow angling on our waterways. However, it is and will remain a small contributor to our income.

	2008/09	2009/10	2010/11
Angling income	£0.8m	£0.7m	£0.7m

3.6.7 Other Leisure Income

This is primarily attractions, cafés and retail operations at a small number of sites. We have no plans to expand this activity.

	2008/09	2009/10	2010/11
Income	£1.7m	£1.7m	£1.8m
Costs	£1.5m	£1.5m	£1.5m
Contribution before allocation of central costs	£0.2m	£0.2m	£0.2m

3.6.8 Milestones

Milestones	Date
• 7,775 new berths	By 2010/11
• 1,299 new boats	By 2010/11
• 31,300 total boats at end of 2010/11	By 2010/11
• 31% growth in licence income	By 2010/11

3.6.9 Utilities wayleaves

Utilities wayleaves are a major contributor to our funding and the contribution has risen significantly in recent years. We now have all payments at market level and do not plan for further significant growth other than in respect of the Thames Water payment on the River Lee. Defra is well aware of this issue. No additional income has been factored into the plan from Thames Water.

	2008/09	2009/10	2010/11
Utility income	£18.7m	£19.0m	£19.9m

We shall continue to develop our alternative energy business by enabling waterside properties to make use of our water for cooling and micro generating. We have working contracts in place and have targeted 3 new enquiries for implementation by 2010/11.

3.6.10 Milestones

Milestones	Date
• Full review of local of wayleave agreements by BUs, establish their potential, incorporate new opportunities and ensure market rates are achieved where possible	March 2009
• Identify 3 new enquiries for canalside heating and cooling for implementation in 20010/11	March 2009
• Develop marketing materials and marketing programme for heating and cooling proposal	June 2008
• Secure one heating / cooling contract >£50k	March 2011
• Complete feasibility studies for hydro and wind power businesses and identify viable sites for construction in 2010/11	Dec 2008
• Work to achieve an acceptable settlement in the dispute with Thames Water over the River Lee agreement	April 2009

3.7 Commercial Performance KPIs

This KPI monitors the contribution from BW's income earning activities together with BW's operating costs. This net contribution figure is the amount of money available to spend on waterway maintenance and it is therefore important to maximise it.

The 2007/8 Business Plan for England and Wales shows the following figures:

Figures in £k

Financial Performance Format	2007/08 Actual	2008/09 Plan	2009/10 Plan	2010/11 Plan
Income				
National Property Business	23,920	24,264	24,403	24,572
Waterway Unit Property	12,826	13,791	12,792	14,698
Leisure	21,395	23,690	25,643	28,184
British Waterways Marinas Limited	6,385	6,772	7,395	7,927
Utilities	18,899	18,730	19,014	19,858
Sundry Income re Management Costs	1,107	1,300	1,388	1,403
Group Commercial Income	84,532	88,547	90,635	96,641
BW Share of Joint Ventures CBT	(877)	11,190	9,837	33,770
Group Commercial Income	83,655	99,736	100,472	130,410
Costs				
Business Unit Operating Costs	25,887	27,748	26,051	25,831
BWML Operating Costs	5,656	5,774	6,175	6,556
Headquarters and Central Service Functions	27,329	29,769	30,603	31,031
Net Interest	1,256	2,067	2,082	2,099
Operating Costs	60,128	65,357	64,911	65,517
Net Commercial Performance	**23,527**	**34,379**	**35,562**	**64,894**
Contingency	-	(5,000)	(5,000)	(5,000)
Grant Income	56,487	57,925	57,852	55,444
Total Net Income	**80,014**	**87,304**	**88,414**	**115,338**
Funds for Public Benefit Delivery				
Income				
Core Waterway	8,254	7,490	7,574	7,905
Major Works	3,094	1,734	555	1,560
Canal Restoration Contributions	17,076	18,980	1,406	681
Externally Funded Works	31,334	18,930	11,463	9,231
	59,758	47,135	20,999	19,377
Costs				
Core Waterway (inc. Dowry)	62,549	64,569	66,745	74,014
Major Works	23,763	29,651	29,613	37,400
Canal Restoration Costs	19,030	21,512	1,695	944
Costs of Externally Funded Works	32,902	21,731	13,117	10,389
	138,243	137,463	111,169	122,747
Total Funding for Public Benefit Delivery	**(78,485)**	**(90,328)**	**(90,171)**	**(103,370)**
CBT - Revenue Profit/(Loss)	**1,528**	**(3,024)**	**(1,757)**	**11,967**

*Commercial Performance and Funds for Public Benefit Delivery are the target KPIs that will be reported on quarterly.

3.7.1 Efficiency

This Plan targets 3% efficiency on management and central costs. This is evidenced by the near to "flat cash" budgets for Waterway Unit, Headquarters and Central Services. We will also seek to deliver efficiencies elsewhere in the business.

The target efficiency figure is RPI -3% on all management and central costs. This equates to £1.2m for 2008/09.

We will report on this figure and other significant efficiencies quarterly.

4. INCREASE THE NUMBERS WHO VALUE AND INVEST IN THEM

During the period of this plan we intend to grow the number of people who use our waterways and grow the investment by third parties in the infrastructure. We shall do this through the following actions and initiatives that are over and above our normal day to day business.

4.1 Marketing & Public Relations

We shall continue with our Marketing Strategy using McCann Erickson to grow the appeal of our waterways to a wider community. This will have the twin benefits of:

- Increasing the number of people who use, enjoy and value their local waterways
- Increasing the pressure on local communities and local authorities to take a greater interest and involvement in their waterways.

We let the contract annually after reviewing the outputs of the previous year. The plan assumes the contract is let every year.

We will seek positive media coverage of those aspects of our work that have greatest appeal to the general public. The emphasis will be on BW as a manager of a treasured national asset rather than a successful commercial organisation.

Our Marketing and PR costs are set out below:

	2008/09	**2009/10**	**2010/11**
Total	**£4.6m**	**£4.6m**	**£4.6m**

4.1.1 Milestones

Milestones	**Date**
Importance of waterways as national heritage 90% (agree or strongly agree)	Annually
Average no of unique visitors in each period increased to 3.5m	March 2011
Overall upkeep (good & excellent) for boat owners increased to 60%	Annually
Satisfaction (definitely recommend) for boat owners 75% (new measure for 08/09)	Annually
Satisfaction (definitely recommend) for holiday boaters 80%	Annually
Satisfaction (definitely recommend) for destination visitors 80%	Annually
Satisfaction (definitely recommend) for towpath visitors 70%	Annually

4.2 DCLG, Regional Development Authorities and Local Authorities

These bodies can have major effects on British Waterways' success in the plan period. Our local relationships are often very good, but we intend to step up our activity with this group of stakeholders for two main purposes:

- to secure additional funding from these bodies whose local populations see most of the benefits of an improved waterway network
- to secure better town and country planning conditions both nationally (eg through planning guidance) and locally (through sympathetic planning decisions).

We will work with Defra and the Interdepartmental Working Group to help us with this.

The communities, businesses and policies that these organisations represent are often significant beneficiaries of BW's activity. At a local level we often have excellent relationships and the value of our contribution is well understood. At a more strategic level the relationships are not as well developed. For example, we tend to succeed in bidding for funds from RDAs and LAs from their existing programmes where we can demonstrate our ability to deliver real benefit. However, we believe we need to place our waterways at the heart of RDA and LA strategic thinking where there are extensive lengths of our network within their boundaries. If we can influence strategic use of our waterways to deliver their plans and greater public benefit, it will help ensure more policies and plans will be designed to develop and fund the long term sustainability of our waterways.

Waterways can contribute over a wide range of issues as outlined in Section 5. Too often the waterways are an afterthought rather than at the heart of delivery plans. We want to become more influential and develop stronger partnerships as the sub-national reviews, regional strategies and national planning statements are refined.

We plan to set out more clearly how BW contributes to the policies and objectives of these bodies and to seek to shape their strategies for the future. We also believe that we would often be a good delivery partner.

4.2.1 Milestones

Milestones	Date
Increase funding from public sources and trusts to support BW strategy	Each year
Increase volunteer input year on year	Each year
Monitor the value added by works not passing through BW books	Each year

4.3 Volunteering

We estimate that we currently host 8,000 volunteer days on our network. There is a wealth of knowledge, ability and energy available to us from volunteers and we plan to double the number of volunteer days over the period of the plan. We require our volunteers to work to the same Health & Safety standards as our own people and our contractors. This requires them to achieve a high level of understanding and commitment to H&S principles. We have a programme to help volunteering organisations to achieve this and thereby remove many of the existing barriers to volunteer work. A director has been tasked to achieve this increase and a dedicated full time resource has been allocated to the project.

In the first instance we shall be targeting existing organisations who can self supervise and bring significant numbers to the waterways. We shall develop opportunities for individual volunteering in a later phase.

4.4 Freight

There is widespread agreement that waterborne freight taking loads from the roads delivers significant social and environmental benefits. We have improved our relationship with the industry recently and will be working with the main bodies involved to create the best possible conditions to encourage freight traffic.

However, freight traffic delivers its benefits to society at considerable additional cost to BW and we will look to ensure that all incremental costs of freight traffic are covered by appropriate additional funding. At the same time, we will be seeking not to incur additional cost for maintaining waterways to freight standard with little or no prospect of significant traffic in the future. We will seek to have a clear and evidence based discussion with Government about this.

The following table summarises the income and associated costs for existing freight operations. However, it should be noted that these costs are only those that specifically relate to dock locations and designated resources. They do not include the more generic costs, for example, dredging and construction works, that also contribute significantly to the facilitation of freight movements.

£k	**2008/09**	**2009/10**	**2010/11**
Income	839	907	958

We expect that the opening of the new lock on the Bow Back Rivers will create the opportunity for construction material for the Olympics to be delivered by water. We estimate some 300,000 tons per annum will be moved by water during the construction period and the figures above include receipts for this.

4.5 Initiatives mentioned elsewhere in this plan

- The New Marinas Unit successfully attracts outside investment onto our waterways
- Our property and ventures activity brings in huge third party investment and local authority involvement
- Our boating business plans for a 1.25% growth per annum in boat numbers
- We plan to participate in £7 billion of regeneration.

4.6 Customer Service KPIs

We undertake a range of market research to monitor customer satisfaction. The value of the waterways, and propensity to recommend and volume below, are all monitored for BW by independent market research agencies. We will report on the following key areas:

4.6.1 Public Assessment of the value of our Waterways

We ask 1,000 adults in Great Britain the extent to which they agree or disagree with the following statement *"canals are an important part of the nation's heritag*e". The result is assessed annually, with a target of 90% saying they agree or strongly agree with the statement.

We shall report on this result annually.

4.6.2 Propensity to Recommend

Customer surveys with boat owners, holiday boaters, visitors to destinations and general towpath users ask respondents about their propensity to recommend a visit to the destination, or a boating holiday etc. to their friends and family. The timing of the survey varies depending on the customer group. Results from across the year are collated and assessed annually. The table below shows the target set for each customer group.

Milestones
Satisfaction (definitely recommend) for boat owners 75% (new measure for 08/09)
Satisfaction (definitely recommend) for holiday boaters 80%
Satisfaction (definitely recommend) for destination visitors 80%
Satisfaction (definitely recommend) for towpath visitors 70%

We shall report on these annually.

4.6.3 Number of Visits

Increasing the number of visitors (people) using the waterways is an important target for us. More visitors means more people are benefiting from our waterways, possibly for the first time, rather than just existing customers visiting more often.

We assess the number of visitors to our waterways through a telephone survey. The survey runs continuously throughout the year, speaking to a sample of 11,500 people representative of the GB population. The survey asks people if they have visited a waterway in the last two weeks – any longer and people tend to forget. When the results are analysed and extrapolated to the population we know that in a typical two week period in 2007, 3 million people visited a BW managed waterway in England and Wales.

We have set a target of increasing the number of visitors to 3.5 million by March 2011, and we shall report on progress quarterly.

5. TO OPTIMISE THE PUBLIC BENEFIT THEY CAN DELIVER

5.1 Delivering public benefit is a key output from all and every BW activity

The benefits to local communities, boaters, cyclists, walkers and many others are well known. This plan builds on the benefits already being delivered and this is demonstrated by our contribution towards Defra and other Departments' PSAs.

5.2 BW contribution to DEFRA and other Departments' PSAs

5.2.1 Climate change tackled internationally; and through domestic action to reduce greenhouse gas emissions

5.2.1.1 Reduced UK energy consumption, and carbon intensity of energy production

- As part of our sustainable development policy and through our Environmental Management System (EMS) and efficiency programme, we are reducing our carbon footprint. Examples are:

  - Reduced waste/more recycling
  - Fewer, smaller offices
  - Targets for reducing company car mileage backed up with increased use of video conferencing (virtual mile logs being kept)
  - Company car fleet management based on CO_2 emissions
  - White van fleet targeted to meet Euro IV standard
  - Monitoring, reporting and benchmarking of energy use in all Business Units and Central departments
  - Supply chain management.

- Our waterway network enables others to contribute to a reduced carbon economy. Examples are:

  - Waterborne freight – transfer by boat can reduce carbon use by between 75% and 90%
  - Green holidays – boating holidays in the UK use less carbon and reduce air miles
  - Use of waterways for micro generation and cooling for waterside buildings
  - Use of our land for wind turbines.

- Our approach to the conservation of our historic structures requires us to repair and maintain rather than replace and renew. In effect we extend the life of our buildings and structures reducing the demand for new materials.

- Our procurement policies ensure we purchase from sustainable sources. For example, all our lock timber is FSC approved ensuring we do not acquire hardwoods from non-sustainable sources (like rain forests).

- £19 billion of regeneration and redevelopment activity almost exclusively based on brownfield sites makes best use of existing land resources and reduces land use change.

5.2.2 A healthy, resilient, productive and diverse natural environment

5.2.2.1 Biodiversity valued, safeguarded and enhanced

- We manage 2,200 miles of waterway, waters edge, towpaths and hedgerows. It is a huge ecological habitat and biodiversity is embedded within our day to day activity. Examples are:

  - National annual wildlife survey

- Biodiversity Action Plans in each business unit
- Environmental Management System adopted
- Provision of habitat for water vole, bat, otter and other endangered species, as part of all maintenance/repair programmes
- BW Environmental Code of Practice
- Management of 60 SSSIs in accordance with Natural England targets
- Experts employed in house
- Significant third party funding achieved for biodiversity work (e.g. West Midlands £300k project to improve biodiversity grant aided by RDA).

- We are the lead partners for the following species

  - Luronium natans (Floating Water Plantain)
  - Potamogeton compressus (Grasswrack pondweed)

- By enabling and undertaking restoration schemes we increase the quality of well managed habitat and enhance biodiversity
- We are fully engaged in monitoring/controlling invasive species on our waterways. Particular examples are:

Plants

- (Hydoctyle ranunculoides) Floating pennywort
- (Fallopia japonica) Japanese knotweed
- (Crassula helmsii) Australian swamp crop/New Zealand pygmyweed
- (Heracleum mantagazzianum) Giant Hogweed
- (Lemna minuta) Least duckweed
- (Eichornia crassipes) Water hyacinth
- (Senecio jacobaea) Common Ragwort
- (Azolla filiculoides) Water fern

Animals

- (Mustela vison) Mink
- (Stizostedion lucioperca) Zander

5.2.2.2 Sustainable water use aiming to achieve a balance between water quality, environment, supply and demand

- Water is our lifeblood. We are experts in collecting, conserving and using water and have invested heavily in this area in recent years. Examples are:

  - Extensive provision of telemetry throughout network to monitor and control water flows
  - Water management plans in all Business Units and weekly water management coordination between Business Units
  - Water resource management plans for all reservoirs (90+)
  - Water resource expertise employed in house in all Business Units
  - Water used for micro generating/cooling
  - Water sold from the canal for domestic/industrial use thereby reducing the need for other reservoirs and treatment
  - Promoting sustainable urban drainage systems for all new waterside development rather than discharge into canal
  - Heavily involved in shaping Water Framework Regulations

- National water quality monitoring and reporting.

5.2.2.3 People enjoy, understand and care for the natural environment

- Our waterway towpaths are an open and free national asset enjoyed by millions of people every year. We see it as an important part of our role to ensure all our visitors grow their appreciation and understanding of the natural environment. It is not only the traditional narrow boater who makes use of our waterways. There are many 'trail boaters' who bring small day boats onto our waterways. We have a national agreement with the British Canoe Union that allows its members access onto our network.

- Angling is also an important pastime and we work closely with the NFA and NAFAC to promote and increase angling on our waterways and reservoirs.

- We also work with numerous community groups, charities, and voluntary organisations to enable disadvantaged members of society access onto our network.

- In all these ways we ensure that our waterways help social inclusion. We are conscious that in some parts of the country the ethnic communities are not great users of our towpaths. We are working at a local level in the major cities to understand why this is and break down barriers.

  - 50% of the population live within 5 miles of one of our waterways
  - circa 300 million visits to our waterways each year
  - £800k spent on promoting the waterways to the general public as a part of their everyday life
  - Our waterways provide uninterrupted access from cities/towns to the countryside and bring the countryside into town/city centres
  - Wild Over Waterways education programme that has achieved National Curriculum accreditation
  - Extensive volunteering programme – target to achieve 10,000 volunteering days this year worth £500k of value. Plans to double within 4 years
  - In house interpretation manager and interpretation an important part of all new works and improvement schemes
  - Provision of nature walks, interpretation, publications at all major destinations
  - Annual wildlife survey
  - Financial support of The Waterways Trust who heavily promote the care and protection of the natural environment
  - Creation of 'destinations' to attract visitors
  - Enabling and encouraging waterside and water based businesses catering for long and short term visitors (cafés, pubs, hireboats, marinas)

5.2.2.4 Improved local environment quality

- We invest heavily in maintaining and investing in the quality of the local environment. Examples are:

  - Annual cost of litter/rubbish clearance - £430k

- Provision of over 1000 dog littler bins and commensurate (expensive!) emptying arrangements
- Customer Service Standards require litter clearance
- Steady State costing model to allocate appropriate standards to most popular areas
- Community engagement including school visits under WOW
- Major expenditure each year on towpath access, vegetation management, maintenance and repair of public realm
- £19 billion regeneration and redevelopment activity throughout the country creates new attractive accessible public realm and communities from underused, inaccessible, undervalued brownfield sites.

5.2.2.5 Sustainable, living landscapes with best features conserved

- Our network has huge value because it is the embodiment of a living landscape. Our work is entirely dedicated to maintaining in a sustainable way these living landscapes and preserving their best features. Examples are:

  - Encouraging and supporting a thriving boating community with more boats on the network now than in any time in its history
  - We are the third largest owner of listed buildings/structures in the country. Our work, guided by our heritage policy, ensures these important features are properly protected and conserved
  - Targets to remove buildings at risk from national and local registers
  - EMS ensure sustainable action and protection of environment and heritage
  - Close working with local and regional planning authorities to develop special strategies that enhance the waterway landscapes.

5.2.3 Sustainable patterns of consumption and production

5.2.3.1 Better products and services, which reduce environmental impacts across their lifecycle while boosting prosperity and competitiveness

- BW is committed to sustainable development and has embedded sustainable practices throughout the organisation and encourages others to do so too. Examples are:

  - Canal Holidays are an exemplar project in this respect
  - Fibre optic cable in towpaths – less disruption to traffic when laying and servicing
  - Use of FSC timber
  - Micro generating/cooling for waterside properties using canal water
  - Procurement policy driving more sustainable sources
  - Partnering with BMF on their Blue/Green campaign to reduce effect on environment by boats
  - Encouraging Birmingham University trials for a hydrogen fuelled boat

- Working with Sustrans to provide more, improved cycle routes.
- Exemplar sustainability charters in our major property and pubs JV's

5.2.3.1 Less waste, more material recovery and energy from waste and much less landfill

- Improving waste management is an important part of our future strategy. We are already working hard to reduce waste. Examples are:

  - Corporate target to reduce waste to landfill by 15% by 2010
  - We have aggressive targets to use recycled aggregates in all our waterway construction work. Currently achieving circa 50%
  - All our lock timber comes from FSC sources. We try and find uses for all our old lock gate timber
  - We are rolling out recycling facilities for our boating customers at an increased cost of circa £200k per annum because local authorities will not service them
  - All offices use recycled paper and have policies on use of plastic cups etc.
  - Use of dredged material as backfill and landscaping where permitted by EA
  - Use BREEAM standards when constructing new buildings
  - Heritage Policy requires repair and re-use rather than renew and replace
  - Chipping and composting of vegetation control.

5.2.4 Economy and society resilient to environmental risk and adapted to the impacts of climate change

5.2.4.1 Risk from flooding and coastal erosion managed sustainably

- Our waterway network plays an important role in managing and alleviating inland flooding. Examples are:

  - Telemetry and hydrographic modelling enables us to predict water flows and take precautionary/preventative management
  - We lower water levels in advance of flooding to create extra relief capacity
  - Regular maintenance of all weirs, inflows and outflows ensure no blockages/backups occur at times of heavy waterflows
  - We have a national flood plan in preparation
  - A national water resource plan is in existence.

5.2.4.2 Society and ecosystems adapted to climate change

- We believe our network can play an important role in helping society and ecosystems to adapt to Climate Change. Examples are:

  - Encouraging visitors onto the network to see how a well managed waterway can cope with extremes of water flow without endangering life or property
  - Our network provides critical 'migration corridors' for wildlife as it moves to adapt to Climate Change

- Maintaining a managed water system ensures survival of aquatic plants and animals during periods of drought
- We have begun to construct 'off line reserves' supplied by our water to extend the habitat of water reliant species
- All major construction works are tested for climate change resilience
- Health & Safety training ensures workforce understand risks from say excessive sun exposure at both work and at home
- Active member of the Standing Waters Habitat Action Plan that considers impact of climate change.

5.2.5 Sustainable Development championed across government, across the UK and internationally

5.2.5.1 Sustainable development successfully championed across government

- Sustainable Development is embedded in all aspects of BW's work and we seek to promote best practice wherever and whenever we can. Examples are:

  - We have strong policies on all the 'legs' of the sustainable development stool:

    Economy

    - Our waterways are a significant contributor to economic growth both through the regeneration it enables and the business that it supports. We know there is currently some £19 billion of waterside regeneration planned or underway.
    - By striving for greater self sufficiency we are also helping to reduce public spending.

    Social

    - The waterways, especially our towpaths, are open and accessible to everyone and as such contribute to social inclusion as outlined under 5.2.2.3.

    Environment/Resources

    - Strong policies as outlined in this section.

    People

    - We believe in listening to and developing our people as the only way to deliver our objectives
      - £19 billion of regeneration activity on brownfield land
      - Waterborne freight
      - Joint Ventures have all adopted exemplar sustainable development policies following our lead
      - Heritage Policy – repair and renew
      - Our Environmental Management System embedded in BW
      - Providing leaflet "Sustainable Solutions for New Waterside Development" for local authorities and developers.

- Working through EU transitional programmes to develop common approaches to sustainable development.

5.2.6 Strong rural communities

5.2.6.1 Economic growth is supported in rural areas with the lowest levels of performance

- 70% of our network passes through what would be considered rural areas. We also pass through many 'market towns' that are the hub for the local rural economies. We actively contribute to economic growth in these areas. Examples are:

  - Waterways passed all 5 components of rural environment good (e.g. biodiversity, natural resources, landscape, cultural heritage and access) as defined by Cabinet Office
  - £150m+ annual expenditure on running our waterways – a very large proportion of it in rural areas
  - Employ local people and local contractors
  - Canal restorations have and continue to transform local economies – economic impact studies and reports exist
  - Partnership with local and regional authorities and others to improve accessibility and opportunity
  - Boating, hire boating and associated services are essentially a rural activity
  - Promotion of BW's own and third party cafés and destinations
  - Pub partnership development of new/refurbished pubs
  - Towpaths are uninterrupted accessible 'highways' from urban areas to rural areas allowing and encouraging exploration
  - 30 proposed marina developments as from diversification projects
  - Business to business account management within business units ensures close contact with canal centre businesses to encourage growth and expansion.

5.3 BW Contribution to other Government Departments' PSAs

5.3.1 Culture Media & Sport

5.3.1.1 Olympics

- The Bow Back Rivers and the River Lee Navigation run through the heart of the Olympic site. BW is playing a leading role in maximising the opportunity the waterways can make to a successful Games and lasting legacy. Examples are:

  - Construction of £19m new lock in Prescott Channel to impound water and maintain navigable waterways throughout Olympic site
  - Facilitation and promotion of waterborne freight during construction period
  - Waterways will provide easy uninterrupted access ways into the Olympic site from Central London
  - Waterways will create attractive, safe accessible public realm for legacy development
  - Assisting River Lea Water Quality Board to improve water quality through Olympic site

- Close working relationship with all Olympic delivery partners especially ODA
- Use of the Tees Barrage canoe training centre.

5.3.1.2 Heritage

- British Waterways is responsible for an important historic estate and the third largest collection of listed buildings and structures in the UK. The estate contains 2,792 listed buildings; a number exceeded only by The National Trust and the Church of England. In addition to listed buildings, British Waterways has 45 scheduled monuments, 480 kilometres of linear conservation areas and many thousands of archaeological sites. British Waterways' historic estate also bisects or adjoins 8 historic battlefields, 24 registered parks and gardens, and four World Heritage Sites.

- Our heritage activity conserves the 'embodied energy' of a huge number of valuable heritage assets right across Britain. We salvage and re-use historic materials where we can; we repair rather than rebuild.

- Our heritage assets contribute to the quality of local environments by providing habitats for 'small beasts' and plants and by often making new and potentially harmful development in their vicinity difficult or impossible.

- Our heritage assets form part of the waterways' 'linear country park corridor' and create much of its essential character. We carefully manage the historic landscape that is largely man-made and co-exists with nature.

- Our approach to valuing and maintaining our heritage assets is inherently sustainable.

- We aim to restore rather than renew wherever we can.

- Our approach to new development is often 'heritage led' and we endeavour to sustain historic places rather than dismember and transform them. Historic buildings are often the catalyst for our development proposals.

- We contribute to DCMS's broad agenda on valuing, safeguarding and interpreting the historic environment. We are in the vanguard of preparing Heritage Partnership Agreements in advance of changing heritage legislation.

- We aim to 'make a statement' as to how heritage should be managed by public bodies; we aim to be a model of best practice.

- Our historic canals offer a unique place to exercise, relax and reflect. The historic environment contributes hugely to the sense of well-being and connectedness felt by visitors.

5.3.1.3 Sport

- BW enthusiastically promotes sporting activities on the waterways such as canoeing, fishing, cycling and walking.

5.3.2 Community & Local Government

5.3.2.1 Housing & Community Cohesion

- BW is actively engaged in building better communities and increasing the long term housing supply and affordability. Examples are:

  - Current Joint Venture activity will deliver 15,000 new homes, mostly within the next 5 years,
  - Of the above, around 20% will be 'affordable'.
  - BW's property activity is a part of its wider mission to provide a long term secure future for the waterway network. Providing improved developments for local communities that provide attractive, affordable places to live, work and play is a key output from all our development and JV activity.
  - BW also provides (to a small scale) affordable housing through increasing numbers of residential boaters. This is a challenging area for us as we cannot absorb unlimited numbers of residential moorers. It is also difficult to ascertain permanent residency (which requires planning permission), as opposed to occasional residency (which does not). We aim to publish a policy statement on this subject during 2008.
  - We work closely in a number of Housing Market Renewal Areas to incorporate waterways into master plans and use them as a catalyst for regeneration.
  - 270 hectares of brownfield land being used for new housing. This is the sum of 100 different sites owned by BW that are undergoing redevelopment.

5.3.3 Business Enterprise & Regulatory Reform

5.3.3.1 Regional Economic Performance

- Our waterways run through many of the major towns and cities in the country. We work closely with local and regional authorities to optimise the benefits our waterways can deliver for local and regional economies. Examples are:

  - RDA funding of circa £8m per annum through various programmes across the country
  - Joint/Partnership working with RDAs on redevelopment and regeneration to a current value of £19 billion
  - Restoration of redundant waterways largely funded by non-government grant justified on the regeneration benefits and growth in economic performance (e.g. Kennet & Avon Canal, Rochdale Canal, etc)
  - Waterways and marine industry make a significant contribution to economy circa £4 billion per annum
  - University of Newcastle research demonstrated that land adjacent to well maintained and active waterways increased in value by 20%. Through major cities like Birmingham, Manchester, Leeds, Nottingham and London, our waterways maintain values, and provide public open space to enable vibrant attractive mixed use developments to thrive.

5.3.4 Health

5.3.4.1 Health & Wellbeing

- Through its maintenance of the canal network and particularly providing access onto its towpaths, BW makes a significant contribution to the health and wellbeing of all. Examples are:

  - 2000 miles of level, free and accessible towpaths attracting 300 million visits a year from walkers, cyclists, anglers and boaters
  - Waterways, especially urban waterways, provide a beneficial contrast to the hurly burly of modern life. The lack of speed, the presence of wildlife, the open views all contribute to a feeling of tranquillity that helps people unwind from the stress of their daily lives
  - Promotion of our waterways through posters and other media to the general population as an open air gym, for walking and other exercise
  - Working with Sustrans to create new and improved cycle routes
  - Encouraging more volunteering undertaking physical work such as vegetation management and clearance
  - Boating (including trailboating and canoeing) is an active/adventure pastime
  - We manage the Tees Barrage which has a white water rafting facility open to the general public.

5.3.5 Department of Transport

5.3.5.1 Deliver reliable and efficient transport networks that support economic growth

- Our waterways provide many well used regional and local transport networks. Examples are:
  - Waterborne freight (see section 4.3). A particular example of our local actions to encourage further freight traffic is the successful bid to EMDA to fund the majority of an £80k feasibility study into expanding freight transport on the River Trent, encouraging a shift to more sustainable modes of transport within the East Midlands region.
  - Sustrans strategic cycle routes and many local ones
  - Safe, accessible path and cycleways in towns and cities for local pedestrians/cyclists to use as alternatives to pavements and roads.

6. OTHER SIGNIFICANT ACTIVITIES NOT COVERED ELSEWHERE IN THE PLAN

6.1 Strategy development or Status Review

In the first year of the plan we shall refresh our strategy and decide whether to recommend a change of status to Government. If there is agreement to a change it is likely that significant resource will be needed to achieve the necessary legal documentation and organisational change. We have not made any provision for this in this plan.

6.2 Inter Governmental Department Working Group

We look forward to further meetings of this important group that we hope will help advance the value and benefits of the waterways to a wider audience.

6.3 New Regulation

We are fully engaged in consultations on the following proposed major regulatory changes that will have a significant impact on our business:

- Water Framework Directive
- Water Strategy
- Pitt Review on Flooding
- The Planning Bill (and the Community Infrastructure Levy).

Annex A.

Minimum Safety Standards 2008

Bridges

1. Bridges are clearly signed on both sides with an identifying number
2. Hand operated lift bridges can be secured to prevent accidental lowering
3. Mechanically operated lift bridges have fail safe devices to control their descent
4. Clear and simple instructions for use are displayed at customer operated bridges

Channel & winding holes

1. Approaches to structures, landings/moorings, winding holes and sharp bends are kept clear of vegetation for at least 65m, Advance warning signs advise boaters if fixed structures obscure the 65m clear sight line
2. Vegetation at winding hole pivot points is kept trimmed
3. Water depth is adequate for boats to pivot.

Landings & moorings

1. Operating structures, including a lock or flight of locks, have customer landings both upstream and downstream
2. Landings at operating structures, have a minimum of three bollards (or other mooring device) over a 21.5m length
3. Leisure and commercial craft have separate landings on multi-use waterways. Commercial landings are suitable for maximum length craft
4. Waiting points are provided in the approaches to locks and opening bridges on rivers. They are suitable for at least one craft
5. Waiting points on multi-use waterways segregate leisure and commercial craft. Refuge piles are acceptable waiting points
6. Landings and moorings have even surfaces and defined edges
7. Vegetation is kept trimmed at landings and moorings
8. Water depth at landings and moorings is maintained within published dimensions over a minimum length of 21.5m (for leisure craft) and the maximum craft length (for commercial craft).

Locks

1. Locks are fitted with ladders. Two in wide locks – ideally at opposite third points. One in narrow locks – ideally at the centre point. The ladders have top hoops and are kept clean
2. Narrow locks have three holding points on the same side as the ladder. Wide locks have three holding points on both sides.
3. Lock chambers and gates are free of protrusions/indentations that could snag boats. Gates are fendered.
4. Cill positions are clearly marked on lock top and sides
5. Staircase, guillotine and customer operated powered locks, display clear, simple instructions for use
6. Locks are clearly signed with an identifying number. Also with a traditional name where appropriate
7. Balance beams have handles and these are securely fitted
8. Lock walkways, and balance beams used as walkways, have non slip surfaces
9. Lock walkways, and balance beams used as walkways, have securely fitted handrails

10. Lock paddle spindles are one of two BW standard sizes. Spindles are not worn or rounded
11. Lock paddle gear includes a device to prevent reverse rotation of a windlass when raising a paddle
12. Lock paddles and sluices are risk assessed regarding potential flooding of boats. Fitted deflectors are the default requirement.

Lighting

1. Lighting provided by BW on safety grounds, is maintained in full working order

Signage & navigation aids

1. Safety signs and safety aids are visible, Clear and legible
2. Safety signs are replaced within one day of a problem being logged
3. Customers are warned about overhead power lines with clear visible warning signage
4. Navigational aids, signs, lights and buoys are installed in appropriate circumstances and maintained in full working order
5. Customers are warned about navigation hazards, such as weirs, in advance of the hazard. The correct navigation channel is signed.
6. Where they are required, river level indicators are clearly visible and legible
7. Where strong streams or water levels can be hazardous, water level indicators and warning signs are in place. Both are clearly visible and legible
8. Weirs are assessed for the risk of boats going over or snagging on the crest. Upstream booms or equivalent barriers are fitted as required.

Towpath/fishing/access points

1. All vegetation is cut ‘hedge to water’s edge’ at least once a year. Customer safety risks are eliminated within one month
2. Fishing pegs are not permitted within 30m of overhead power lines
3. Steps ad sloping pathways have no loose treads or rivers. Treads and risers have clearly defined leading edges
4. Where steps and sloping pathways have handrails, these are securely fixed
5. Where the distance between step risers is less than 1000mm, the tread/going is horizontal.

Tunnels

1. Tunnels have fixed safety and gauge reduction signage that is visible, clean and legible
2. Tunnels are clearly signed to indicate one or two way working
3. The direction of the nearest tunnel exit is clearly signed with arrows
4. Lengthy tunnels have distance markers every 100m
5. Tunnels with towpaths have secure handrails. Tunnels without towpaths have fendering and grab chains installed
6. Tunnel air vents are covered with a fixed grill or mesh.